

## 2017-2018 BUDGET QUESTION

### *Response to Request for Information*

**DEPARTMENT:** Economic Development

**REQUEST NO.:** 187

**REQUESTED BY:** Kitchen

**DATE REQUESTED:** 9/7/17

**DATE POSTED:** 9/9/17

**REQUEST:** For the Global Business Recruitment and Expansion program, what would be the fiscal and operational impact from keeping the program at FY 2017 funding levels while increasing funding for the City's Small Business Program?

**RESPONSE:** Shifting funds has severe operational impacts on the Global Business Recruitment and Expansion Division (GBRE). GBRE's \$1.1 million budget includes \$0.8 million in personnel, \$0.3 million in contractual and commodities. The GBRE budget would decrease to \$213,634 which would eliminate programming and staff dedicated to business recruitment and international programs.

The \$853,802 increase to Global Business Recruitment and Expansion Division (between the FY 2017 Amended Budget and the FY 2018 Proposed Budget) is from the following:

- The increase in the Economic Development Fund budget are due wage adjustments including additional insurance, FICA, Medicare and contribution to employee retirement.
- The increase in the Economic Incentives Reserve Fund budget are due to property valuation (therefore tax) increases which increase the obligation to companies with Chapter 380 agreements.
- The increase in the Grants budget are due to an anticipated \$500,000 to be awarded in FY 2018 from the U.S. Embassy in Islamabad, Pakistan; the second grant awarded. A total of 28 entrepreneurs will travel to Austin. Participants will receive one-on-one coaching as well as group training and development from leading entrepreneurship experts and mentor investors tailored to their specific business needs.

The Economic Development Department Global Business Recruitment and Expansion Programs funding sources can be found in Volume 2, page 69, of the 2017-18 Proposed Budget. Displayed there are the funding sources as well as the requirements which are also illustrated in the table below.

|                                  | 2014-15<br>Actual   | 2015-16<br>Actual   | 2016-17<br>Estimated | 2016-17<br>Amended  | 2017-18<br>Proposed |
|----------------------------------|---------------------|---------------------|----------------------|---------------------|---------------------|
| <b>Requirements</b>              |                     |                     |                      |                     |                     |
| Economic Development Fund        | 824,506             | 873,205             | 1,022,859            | 1,008,071           | 1,067,436           |
| Economic Incentives Reserve Fund | 13,293,448          | 14,102,377          | 13,650,547           | 13,909,518          | 14,203,955          |
| Expense Refunds                  | 2,000               | 1,000               | 0                    | 0                   | 0                   |
| Grants                           | 0                   | 499,989             | 0                    | 0                   | 500,000             |
| <b>Total Requirements</b>        | <b>\$14,119,954</b> | <b>\$15,476,571</b> | <b>\$14,673,406</b>  | <b>\$14,917,589</b> | <b>\$15,771,391</b> |